



RIVERSIDE PUBLIC UTILITIES

Board Memorandum



*"People Serving
People"*

BOARD OF PUBLIC UTILITIES

DATE: March 4, 2005

ITEM NO: 6

SUBJECT: **SUMMER 2005 POWER FORECAST REPORT**

ISSUE:

Recent news reports indicate that an energy shortage may occur in the summer of 2005 in southern California. Riverside Public Utilities (RPU) has adequate power available for expected customer loads and staff will provide a brief report on power supply status for the summer of 2005.

RECOMMENDATIONS:

That the Board of Public Utilities receive and file this report.

BACKGROUND:

Each year, the California Independent System Operator (CAISO) and California State Agencies issue power supply outlook reports for the upcoming summer period. Recent reports from the California Energy Commission (CEC) have warned that the potential for blackouts may exist this summer if the state suffers from unusually hot weather. Particular emphasis is placed on the Southern California region. The California Public Utilities Commission (CPUC) has been developing rules to stipulate that the Investor Owned Utilities (IOU's) must maintain a 15% planning reserve margin beginning in 2006 to provide adequate resources to minimize the potential for such blackout events. RPU, through the Energy Risk Management program, has historically planned to cover Riverside's summer peak demand requirements well in advance. A power supply portfolio consisting of long term baseload and summer resources, short term summer contracts, and city-owned generating facilities have made this possible. The attached chart illustrates the current outlook for the summer of 2005. Resources are stacked against the expected load for the July – September period in categories as follows:

Long Term Baseload Resources = 266 MW

- Palo Verde, SONGS, IPP, Deseret, Salton Sea Geothermal, Landfill Gas

Long Term Summer Contracts = 186 MW

- BPA 1 and 2, CDWR III and IV, CDWR Q3 Super Peak

Short Term Summer Contracts = 75 MW

- Standard On Peak energy and Day Ahead Options

Hoover = 30 MW

Springs = 40 MW

Total Capacity to meet peak demands = 597MW

Hoover and Springs have been listed separately due to their flexibility to serve peaking and emergency needs.

The expected peak forecast for July, August, and September is 517MW, 534MW, and 527MW respectively. This represents a planning reserve margin for the summer peaks of between 12%-16%. When reviewing the top 300 load hours projected, the reserve margin ranges from 12% - 27%.

In addition to planning for power supply needs for possible high summer demand, other utility divisions are also making preparations for the summer. The Energy Delivery Division will be reviewing current load shedding and emergency restoration procedures to insure that any rolling blackouts will be done in the most efficient manner with the least amount of outage time as possible for our customers. In addition, capital projects related to reliability and capacity are our first priority, and completion of these projects before July is our goal.

The Marketing/Customer Communications Division is preparing to send an energy conservation message to our customers through the PowerWise Marketing campaign, similar to the messages we sent during the energy crisis.

Overall, with power reserves in place, completed distribution reliability projects, and sending conservation messages to our customers, RPU has done everything possible to prepare for possible impacts from a high demand summer.

FISCAL IMPACT:

None.

ALTERNATIVES:

Not applicable.

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